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CHLOPAK LEONARD SCHECHTER
AND ASSOCIATES

Kenya

Memorandum

To Department of Justice
From Chlopak, Leonard, Schechter & Associates
Registration number 5774
Date September 4, 2009
Re Distributing Advisories for Foreign Agents

The attached E-Alert was sent out to members of the American Media on September 4, 2009.

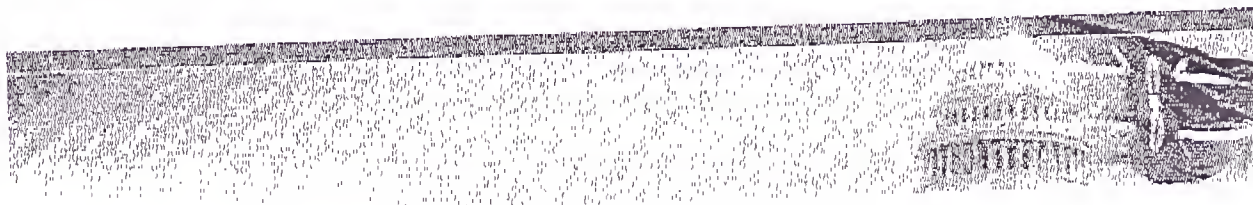
2009 SEP -4 PM 1:15
CRM/REGISTRATION UNIT

Pamela Nieto

From: Lisa Mendelson
Sent: Friday, September 04, 2009 10:06 AM
To: Kenya
Subject: Kenya: Economic Progress

Dear Sir or Madam,

Please see below two stories on Kenya's economic upturn. The first story from *Reuters* focuses on Kenya's significant drop in inflation and also mentions the anticipated 4th quarter growth, which is discussed in more detail in the second article from *The Citizen*. If you have any questions or are interested in interviewing the Kenya's central bank governor for a larger piece, please contact me at lmendelson@clsdc.com or 202-777-3561.



REUTERS

CRM/CS/REGISTRATION UNIT
2009 SEP -4 PM 1:15

Kenya's Core Inflation Drops to 3.5 Percent in August Monday, August 31, 2009

Nairobi -- Kenya's core inflation eased further to 3.5 percent in August from 4.5 percent in July, the lowest level it has been for over five years, the Kenya National Bureau of Statistics said on Monday.

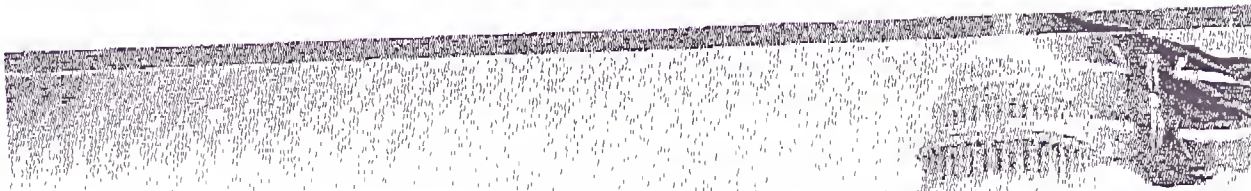
Core inflation, which excludes food prices, was last below August's level in January 2004, when it came in at 2.6 percent.

There was, however, an increase in prices of food and non-alcoholic drinks as well as the fuel and power index contributing to a rise in headline inflation to 18.4 percent in August from 17.8 percent in July.

But the economy is likely to take an upward turn in the last quarter of the year when government spending for this fiscal year kicks in, according to the central bank governor (see details in below article from *The Citizen*).

To read the original article, click [here](#).

9/4/2009



THE CITIZEN

Dar es Salaam, Tanzania ISSN 0856-9754

Kenya Sees Growth in Fourth Quarter Tuesday, September 1, 2009

Nairobi -- Kenya's economy is likely to start improving at the start of the 4th quarter after government spending for this fiscal year kicks in, the central bank governor, Mr. Njuguna Ndung'u said today.

"We expect the uptake and even the growth to start showing ... maybe at the start of next quarter," he told Reuters.

The economy shrank 0.8 percent in the first quarter of this year from the last quarter of 2008. Ndung'u said a slow approval process for the national spending plans presented by the Finance minister in June was compounding the effects of the global downturn and a severe drought at home. He also said delays in passing the budget were also causing the bank to take measures in the money markets to stave off the threat of lack of liquidity in the banking system.

However, "the signals and even the intermediation processes are working very well," he said adding that horizontal repos across banks that were introduced in April had some way to go before they are fully exploited.

Ndung'u added that lending to the private sector by banks was beginning to pick up after a slide in the second quarter. "We did notice a slowdown in April but right now things are coming back to normal," he said.

"We try very much to meet our targets. Low inflation is always pro-poor. Growth is the best weapon of fighting inflation. Until we see growth rising, we can't say we are out of the woods," he said. "Growth checks inflation."

To read the original article, click [here](#).

For more information, please contact Lisa Mendelson at (202) 777-3561 or lmendelson@clsdcc.com.

This material is distributed by Chlopak, Leonard, Schechter & Associates on behalf of the Office of the President of the Republic of Kenya. Additional information is available at the Department of Justice, Washington, DC.